GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2537
ANSWERED ON:30.08.2007
GAS PRICING POLICY
Jagannath Dr. M.;Saradgi Shri Iqbal Ahmed;Vallabhaneni Shri Balashowry

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has asked Secretary's panel to frame formula for gas pricing so that the Energy Co-ordination Committee will take final decision on fixing of the gas pricing;

(b) if so, the details thereof;

(c) whether at present, natural gas has three pricing regimes;

(d) if so, the details thereof;

(e) whether the Government has asked the oil industry to examine options for gas pricing policy which are equitable and conductive to the development of this sector; and

(f) if so, by what time final decision in this regard is likely to be taken?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b): Government had asked Cabinet Secretary to go into issues related to gas pricing. The report has since been submitted to the Government. The report of the Cabinet Secretary and a report of Chairman, Economic Advisory Council to the Prime Minister have been submitted to an Empowered Group of Ministers (EGoM) constituted by the Government to consider issues related to gas pricing under the NELP regime.

(c) & (d): At present, two gas price regimes prevail in the country − one for gas produced from nomination fields of ONGC and OIL, called the Administrative Pricing Mechanism (APM) regime. The second regime provides for market related pricing, which is applicable to gas produced from Production Sharing Contracts (PSC) by Joint Venture/Private companies and for Regasified-LNG.

(e) & (f): In terms of the provisions of Production Sharing Contracts (PSCs) signed under NELP regime, the operator has the freedom to market gas to be produced from contract area in the domestic market. However, the pricing formula or the basis requires approval of the Government. Further, the contractor is required to discover the market price of gas on competitive arms length basis.